



**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 19, 2005**

**SUBJECT: TAYLOR YARDS RECOMMENDED JOINT DEVELOPMENT
PROPOSAL**

**ACTION: AUTHORIZATION TO ENTER INTO AN EXCLUSIVE
NEGOTIATION AGREEMENT WITH TAYLOR YARDS, LLC**

RECOMMENDATION

Authorize the Chief Executive Officer to enter into a six-month Exclusive Negotiation Agreement (ENA) with Taylor Yards, LLC for the development of approximately twenty-four acres of MTA owned properties located adjacent to the Metrolink Maintenance of Way facility along San Fernando Road and the Los Angeles River.

ISSUE

In July 2004 MTA received an unsolicited proposal from Taylor Yards, LLC to develop 238 for-rent housing, 76 for-sale housing units and 62,600 square feet of local community service retail space. The development would include a smaller size grocery store and strip type retail stores adjacent to a moderate density housing community (Attachment A). Additionally, five acres of the site would be used as an open space buffer between the Metrolink tracks and the development, and between two and three acres would be set aside for a future light rail station (proposed Glendale line). After an analysis of the unsolicited proposal, including review of potential operating impacts, conformance with previous development studies, potential for future rail lines and potential benefits to MTA, staff recommends that the Board authorize entering into an Exclusive Negotiation Agreement (ENA) with Taylor Yards, LLC. Taylor Yards, LLC is a partnership of McCormack, Baron, Salazar and the CIM Group.

POLICY IMPLICATIONS

The recommended action is consistent with the goals of the Joint Development Policies and Procedures approved by the Board at its April, 2002 meeting. The goals of MTA's joint development program are to promote and enhance transit ridership, enhance and protect the transportation corridor and its environs, enhance the land use and economic development goals of surrounding communities, conform to local and regional development plans, and generate

value to MTA based on a fair market return on public investment. MTA staff has concluded that the proposal meets the goals contained in the policies and procedures.

OPTIONS

MTA could choose not to enter into an ENA with Taylor Yards, LLC and seek other development proposals. Alternatively, MTA could choose to not proceed with any project at this time. Staff is not recommending either of these options because the Taylor Yards, LLC proposal conforms to general community based development guidelines, provides an appropriate development for the site, and includes an experienced development team. Past development proposals did not materialized because they did not meet community expectations and support. This proposal meets these expectations and has support of community representatives and elected officials.

FINANCIAL IMPACT

The recommended action will not impact MTA 's FY-05 budget. Ultimately, development of MTA owned properties would result in revenues to MTA.

BACKGROUND

Since the early 1900's the Taylor Yard and surrounding area has served as a rail storage, maintenance and repair facility for freight train service. The reduction in freight train operation at this site beginning in the mid-1980's and the potential to re-use the site resulted in numerous planning studies sponsored by the City of Los Angeles First Council District and included involvement from the City of Los Angeles, MTA, CRA, Southern Pacific Railroad and the American Institute of Architects. The Taylor Yard Transit Development Study (1993-4) initiated a community-based vision for the reuse and revitalization of the area inclusive of this site and the surrounding community. Other studies included the "Los Angeles River Revitalization Study", "Center City North" along with various development alternative proposals from various development groups. The MTA site in Taylor Yards continues to be the focus of numerous development discussions including the development of a "Los Angeles River Park", community housing and education facilities, industrial and commercial developments and other recreation facilities.

The Taylor Yard development site is located south of San Fernando Road and North of the Los Angeles River and runs parallel to the Los Angeles River Channel between the Metrolink MOW and the remaining Southern Pacific maintenance facilities (Attachment B).

MTA staff reviewed the Taylor Yards, LLC development proposal and its potential impacts to the operation of Metrolink and its conformance to the community based improvement objectives supported by the First Council District. The development plan buffers the Metrolink operation and preserves a light rail station location and surface parking for three hundred park and ride spaces in conformance with the Burbank Glendale Los Angeles Rail Transit Project (1992) final EIR. A general financial offer is included in the Taylor Yards, LLC proposal that is consistent with MTA's joint development goals, and warrants further negotiations with the developer. There are numerous issues under refinement as to the affordable housing mix, the housing density and the intensity of retail uses. Potential financial contributions from the City may be required to meet some of the City's objectives for affordable housing. The granting of the ENA will allow the developer to continue to refine issues with the City and Council office to insure that their objectives are met. The award of an ENA is not an acceptance of the terms and conditions presented by the development team. The financial terms of the offer will be discussed and refined during the ENA period to insure a fair return to the MTA.

The development proposal is led by McCormack, Baron, Salazar; a national housing and development firm, and includes participation from the CIM Group; a national retail and redevelopment firm. The contact person for this development is Tony Salazar, President, McCormack, Baron, Salazar.

NEXT STEPS

After execution of an Exclusive Negotiation Agreement with Taylor Yards, LLC, MTA staff will negotiate in good faith over a six-month period to determine the specific financial arrangements, engineering constraints and schedules for this development. Staff has requested that the developer initiate a detailed environmental evaluation of the site because of the historic rail uses and identification of some rail materials residue (arsenic) previously identified in the southern most section of the site. At the end of the negotiation period, and after a more comprehensive environmental evaluation of the site by the developer and at the developer's expense, MTA staff anticipates presenting a draft Development Agreement for Board approval. MTA, however, is not obligated to enter into a Development Agreement if the development team does not meet the negotiation points to the satisfaction of the Board. Once the Board approves the Development Agreement, the developer would start final design and construction of the project.

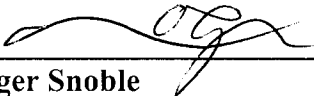
ATTACHMENTS

- A. Taylor Yards, Conceptual Development Plan
- B. Map of Taylor Yards

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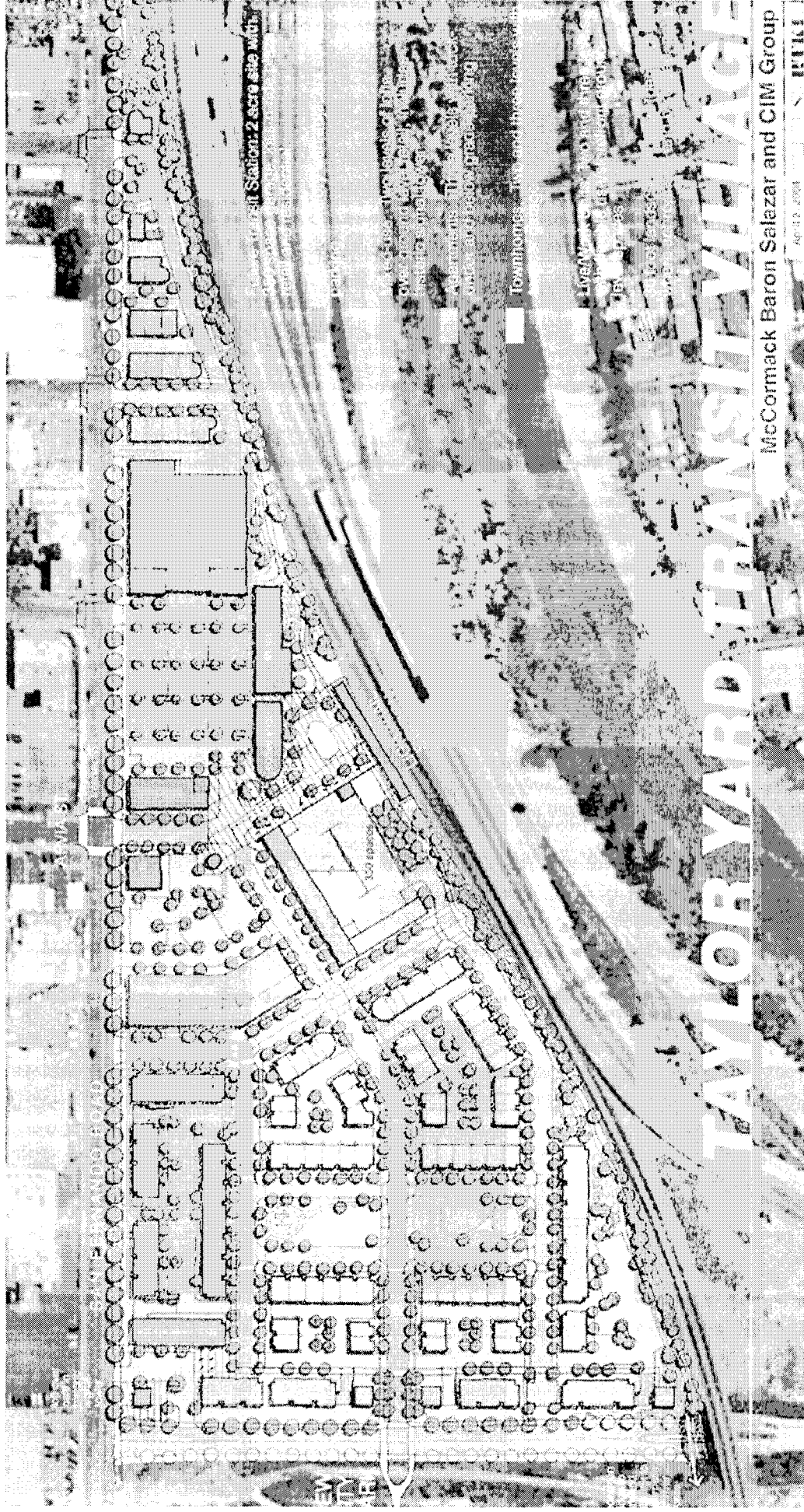


Roger Snoble
Chief Executive Officer

Parcel C Proposal

(Attachment A)

- 17 acres – Mixed Use
- 5 acres – Open Space
- 3 acres – Future Transit Stop
- 238 Rental Units
- 76 For Sale Units
- 62,000 sf Commercial Space



Taylor Yard Parcels

(Attachment B)

